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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Implementation of Section 17 of)
the Cable Television Consumer)
Protection and Competition Act)
of 1992)
)
Compatibility Between Cable)
Systems and Consumer Electronics)
Equipment)
)

ET Docket No. 93-7

COMMENTS

BellSouth Telecommunications, Inc. ("BellSouth"),
hereby files comments in response to the Notice of Inquiry
released in the above-captioned docket on January 29, 1993
("Inquiry").

INTRODUCTION

By this Inquiry, the Commission seeks to obtain
information which will form the basis for a report to
Congress and subsequent rulemaking to implement the

available on cable systems and the functions available in televisions, video cassette recorders, and other consumer electronics equipment.²

BellSouth will limit these comments to two fundamental policy issues. Specifically, BellSouth urges the Commission to adopt the following policy positions in fashioning its report to Congress and subsequent rulemaking proceeding.

(1) consumer electronics equipment compatibility standards
and related network disclosure obligations should be the

_____ ml.

problems arise in the context of video dialtone, wireless cable and other video delivery systems. The public interest requires that the Commission take a broader view of possible solutions to equipment compatibility problems if it intends to maximize consumer benefits, promote competition and avoid the unnecessary and inefficient duplication of equipment functions in the home environment. In short, the Commission must adopt a regulatory framework which contemplates that cable systems will be only one of a number of transmission systems delivering video services into the home.

SPECIFIC COMMENTS

A. Consumer Electronics Compatibility Standards And Network Disclosure Obligations Should Be The Same For All Video Services Providers

It is clear that the Commission wishes to promote a more competitive video services market. If the Commission is going to achieve this goal, it must establish the same compatibility standards and network disclosure requirements for the various delivery systems and competitors serving the home video marketplace. All video service providers, whether they use a cable system, a video dialtone platform or wireless technology to deliver their services to the home, should operate under the same compatibility standards and network disclosure obligations. The public interest is best served by adopting a policy of regulatory parity. It is within the power of the Commission to establish such a framework.

Pursuing a policy of regulatory parity will help ensure that the Commission is not guilty of inadvertently picking the winners in the home video market based on disparate regulatory treatment of competitors. Regulatory parity will maximize consumer benefits by minimizing the incompatibility between multiple broadband delivery systems and consumer electronics equipment used in the home. Conversely, consumer benefits will be significantly reduced if the Commission focuses more narrowly on only those compatibility issues associated with cable systems.

The Commission is not confronted here with the tight time frames imposed upon it with regard to implementing many of the other sections of the 1992 Cable Act. Consequently, the Commission need not sidestep the realization of broader regulatory goals and the maximization of consumer benefits in order to meet the requirements of Section 17 of the 1992 Cable Act.

The Commission should adopt network disclosure obligations for cable systems and the rest of the home video services industry. These network disclosure obligations should parallel the Commission's network disclosure rules for the former Bell Operating Companies (BOCs). Those rules

provide that BOCs publicly disclose network capacity and

disclosure of relevant network service information must take place twelve months prior to the introduction of a new network service or interface, unless public disclosure is made at the "make/buy" decision, in which case public disclosure need only be a minimum of six months prior to introduction of the new interface or network service.³

Although the BOC network disclosure requirements

represent a compromise of competing public interest

wiring connecting such equipment⁴ be in effect "unbundled" from other cable services.

The 1992 Cable Act specifies that the regulations of the Commission addressing consumer electronics equipment compatibility shall include such regulations as are necessary:

- (B) to require cable operators offering channels whose reception requires a converter box - . . . (ii) to the extent technically and economically feasible, to offer subscribers the option of having all other channels delivered directly to the subscribers' television receivers or video cassette recorders without passing through the converter box;
- (C) to promote the commercial availability, from cable operators and retail vendors that are not

~~affiliated with cable systems of converter boxes~~

The unbundling of the converter box from cable service is also consistent with the Commission's recent order establishing the cable system point of demarcation for purposes of cable home wiring at a point within twelve inches of where the wiring enters the video subscriber's premises.⁶ Under the Commission's new cable demarcation rules, the converter box is located on the customer's side of the demarcation point. Consistent with the Commission's policies governing common carrier services, the cable service interface leading to the converter box should be open and publicly disclosed.⁷

The legislative history of the 1992 Cable Act specifically mentions the consumer benefits associated with and desirability of unbundling programming channels. Specifically, it states that "one of the prime goals of the legislation is to enhance subscriber choice. Unbundling is a major step in this direction."⁸ The only logical interpretation of Sections 17 of the 1992 Cable Act is that it too reflects a strong preference for unbundling video CPE from cable services.⁹

⁶ Cable Home Wiring Order at paras. 11 and 12.

⁷ The Commission's network disclosure policy is not limited to only former BOCs, but is applicable to all common carriers under the Commission's so-called "All Carrier Rule". Disclosure Order, 93 FCC 2d 1226, 1228 (1983), citing CI-II Recon. Order, 84 FCC 2d at 82.

⁸ Senate Report (Report No. 102-92) at 77.

⁹ See, Inquiry at para. 3-5.

Finally, it should be noted that network disclosure and unbundling obligations do not conflict with the statutory requirement that compatibility standards be "consistent with the need to prevent theft of cable service."¹⁰ For example, digital video transport is beginning to emerge as a delivery alternative in the video industry. This situation provides the opportunity to address both the security issues and the CPE interface issues that have continued to be a problem in the cable industry. Through the selection of a standard for encrypting digital video signals, such as the Data Encryption Algorithm (DES)¹¹ or some equivalent standard, an open network platform could be established that would allow vendors to build product to standard interface requirements and at the same time provide unique and secure software for pay services.

B. The Commission Should Encourage Participation Of All Interested Parties In The Development Of Common Equipment Compatibility Standards

The need for standardization in compatibility between



in addition to the cable and consumer electronics companies.

forum and process in which all interested parties may participate in developing the relevant standards.

CONCLUSION

For the foregoing reasons, BellSouth submits that the needs of the industry and the public interest would best be served by adoption of the fundamental policy recommendations outlined in these comments.

Respectfully submitted,

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